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Message Text

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SUBJ: VOLKSKAMMER ADOPTS FIVE YEAR PLAN, 1977 PLAN AND BUDGET

SUMMARY: THE VOLKSKAMMER HAS APPROVED THE 1976-80 FIVE YEAR PLAN AND 1977 PLAN AND BUDGET. ADDRESSES BY STOPH AND MITTAG ON THIS SUBJECT REHASHED FAMILIAR THEMES, AND INCLUDED REASSURANCES TO THE POPULATION THAT THE STANDARD OF LIVING IS TO CONTINUE RISING. THE SPEECHES ALSO INCLUDED SOME STRONG LANGUAGE ON RELATIONS WITH THE FRG, IN PARTICULAR, THE WEINHOLD AFFAIR.
END SUMMARY.

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1. WITH NO DISSENTING VOTES, THE GDR VOLKSKAMMER DECEMBER 15 ENACTED INTO LAW THE 1976-80 FIVE-YEAR PLAN, THE 1977 ANNUAL PLAN, AND THE 1977 STATE BUDGET. THE MAIN SPEECHES OF THE ONE-DAY SESSION WERE DELIVERED BY COUNCIL OF MINISTERS CHAIRMAN STOPH, WHO SPOKE ON THE TWO PLANS; FINANCE MINISTER BOEHM, ON THE BUDGET;

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AND SED ECONOMIC SECRETARY GUETHER MITTAG, OSTENSIBLY RESPONDING TO THE GOVERNMENT'S PRESENTATION AS A VOLKSKAMMER DEPUTY ON BEHALF OF THE SED VOLKSKAMMER FRACTION.

2. SPEAKING FOR ABOUT AN HOUR AND A HALF, STOPH COVERED THE TWO ECONOMIC PLANS IN PREDICTABLE TERMS, STRESSING THREE THEMES: ACHIEVEMENTS OF THE LEADERSHIP IN RAISING THE STANDARD OF LIVING AND ASSURANCE TO THE POPULATION THAT THE LEADERSHIP REMAINS COMMITTED TO A RISING STANDARD OF LIVING; THE NEED TO RAISE PRODUCTIVITY, INCLUDING QUESTIONS OF EFFICIENCY, RATIONALIZATION, APPLICATION OF SCIENCE AND TECHNOLOGY, AND BETTER USE OF MATERIAL, LABOR, AND EXISTING CAPITAL RESOURCES; AND SOCIALIST COMMUNITY/CEMA INTEGRATION/PARTNERSHIP WITH THE USSR. MITTAG'S REMARKS DWELT AT LENGTH ON THE SOCIAL BENEFITS OF THE GDR SYSTEM, TELLING LISTERNERS, IN EFFECT, THAT THEY NEVER HAD IT SO GOOD, AND THINGS WILL CONTINUE TO GET BETTER.

3. FAIRLY HIGH UP IN BOTH THE STOPH AND MITTAG ADDRESSES WAS SOME TOUGH LANGUAGE ON THE FEDERAL REPUBLIC. STOPH EMPLOYED PARTICULARLY STRONG LANGUAGE ON HE WEINHOLD AFFAIR, CALLING THE ACQUITTAL "SCANDALOUS" AND DECLARING THAT THE GDR WOULD COUNTER ANY ATTEMPTS TO USE THE FRG COURT DECISION AS A PRETEXT FOR MXING IN GDR INTERNAL AFFAIRS. WITH THE WEINHOLD ACQUITTAL, STOPH ARGUED THE GDR CITIZENS ARE MADE "FREE GAME" FOR ANTI-COMMUNIST EXCESSES. STOPH REPEATED WHAT HAS BECOME A FREQUENT GDR CHARGE AGAINST THE FRG IN RECENT WEEKS, CONFIDENTIAL

THAT FORCES OF REVANCHISM AND NEONAZISM ARE GROWING STRONGER IN WEST GERMANY. HE REITERATED THE GDR'S SUPPORT FOR PEACEFUL COEXISTENCE AND MUTUALLY BENEFICIAL COOPERATION IN ITS RELATIONS WITH THE CAPITALIST COUNTRIES, HOWEVER, INCLUDING WITH THE FRG.

4. PREFACING HIS PRESENTATION OF THE FIVE YEAR PLAN GLOBAL TARGET FIGURES, STOPH SAID THE GOALS ARE REALISTIC BUT DEMANDING, SUPPORTINYGUR IMPRESSION THAT THE GDR HAS DRAWN UP A TIGHT PLAN, ONE WHICH LEAVES LITTLE ROOM FOR MANEUVER ON THE PART OF THE MANAGERS CHARGED WITH CARRYING IT OUT. NATIONAL INCOME IN 1980 IS TO BE 27.9 PERCENT ABOVE THAT OF 1975; INDUSTRIAL PRODUCTION, UP 34 PERCENT, AND INDUSTRIAL PRODUCTIVITY, 30 PERCENT. "CONSUMPTION", AS FAR AS WE KNOW A NEW CATEGORY IN GDR STATISTICS, IS TO RISE 22.5 PERCENT OVER THE FIVE YEAR PERIOD, OR ABOUT 4.2 PERCENT ANNUALLY. AN AREA

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OF PRIMARY EMPHASIS REMAINS DEVELOPMENT OF THE DOMESTIC ENERGY AND RAW MATERIAL BASE, WHICH WILL RECEIVE 60 PERCENT OF INVESTMENT CARRIED OUT IN THE FIVE YEAR PERIOD. AMONG THE INDUSTRIAL MINISTRIES LISTED IN THE DOCUMENT EMBODYING THE LAW ON THE FIVE YEAR PLAN, THE PLANNED GROWTH RATE OF MACHINE TOOL PRODUCTION, 56 PERCENT, IS THE HIGHEST, FOLLOWED BY ELECTRICAL AND ELECTRONICS, 45.7 PERCENT, CHEMICAL INDUSTRY, 44.5 PERCENT, AND GLASS AND CERAMICS, 44.1 PERCENT. EXPANSION OF THE ACTIVITIES OF THE MINISTRY OF LOCAL AND FOOD INDUSTRY GETS A LOT OF ATTENTION IN STOPH'S SPEECH, BUT THE PLANNED RATE OF GROWTH, AT 33.5 PERCENT, IS AMONG THE LOWEST OF ALL INDUSTRIES. CROP PRODUCTION BY 1980 IS TO REACH A LEVEL 20 PERCENT HIGHER THAN THE AVERAGE PRODUCTION IN 1971-75; AND IN REMARKS ON ANIMAL PRODUCTS, STOPH REFERRED TO MAINTENANCE OF LIVESTOCK HERDS AT PRESENT LEVELS.

5. MAIN 1977 PLAN TARGETS EXPRESSED AS PERCENTAGE
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INCREASES OVER 1976 ARE AS FOLLOWS, WITH THE 1976 TARGET IN PARENTHESES: PRODUCED NATIONAL INCOME 5.5 PERCENT (5.3); INDUSTRIAL PRODUCTION 5.1(5.5); OF WHICH, INDUSTRIAL MINISTRIES 6.0 (6.7); PRODUCTIVITY IN INDUSTRIAL MINISTRIES 5.1 (5.5); INVESTMENT 6.5 (6.5); HOUSING CONSTRUCTION 5.1 (6.2); AGRICULTURE 2.8 (1.4); MONEY INCOME OF THE POPULATION 4.0 (4.0); RETAIL TRADE TURNOVER 4.0 (4.0); FOREIGN TRADE TURNOVER 8.7 (9.7). WHAT IS NOT MADE CLEAR IN THIS PRESENTATION IS WHERE A HIGHER RATE OF GROWTH OF NATIONAL INCOME OVERALL IS TO COME FROM GIVEN LOWER TARGETS FOR INDUSTRIAL OUTPUT, THE MAIN COMPONENT OF GDR NATIONAL INCOME.

6. THE 1977 STATE BUDGET CONTEMPLATES BALANCED RECEIPTS AND EXPENDITURES OF 141 BILLION MARKS, 6.7 PERCENT MORE THAN IN THE 1976 BUDGET PLAN. NEITHER A SPEECH BY FINANCE MINISTER BOEHM NOR THE DRAFT BUDGET LAW DOCUMENT PROVIDE MUCH DETAIL. THE FOLLOWING NUMBERS WERE, HOWEVER, GIVEN: PUBLIC BUDGET FUNDS AND CREDITS FOR HOUSING CONSTRUCTION AND REND SUBSIDIES, 9.6 BILLION MARKS; SUBSIDY OF CONSUMER PRICES, 13.5 BILLION MARKS; EDUCATION, 8.7 BILLION MARKS; HEALTH AND SOCIAL SERVICES, (APPARENTLY INCLUDING A 9.4 BILLION SUBSIDY TO COVER THE DIFFERENCE BETWEEN SOCIAL INSURANCE RECEIPTS AND PAYMENTS), 14.9 BILLION MARKS; PROMOTION OF SCIENCE AND TECHNOLOGY, 6.6 BILLION MARKS; INVESTMENT, 48 BILLION MARKS; BUDGET OF LOCAL AUTHORITIES, 30 BILLION MARKS; DEFENSE, 7.9 BILLION MARKS.

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7. OVERALL, THE IMPRESSION IS OF A SOMEWHAT DESULTORY REITERATION OF FAMILIAR GOALS AND POLICIES. WE THINK WE DETECT, IN COMPARISON WITH SINDERMANN'S PRESENTATION TO THE 9TH PARTY CONGRESS LAST MAY, A DOWNPLAYING OF WHAT SEEMED TO US AT THE TIME A THEME OF BUTTRESSING THE ECONOMIC INDEPENDENCE OF THE GDR IN CONFIDENTIAL

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FAVOR OF A SOMEWHAT MORE ABJECT ACKNOWLEDGEMENT AND ACCEPTANCE OF THE SOVIET ROLE IN GDR TRADE AND ECONOMICS. AT THE SAME TIME, THE LEADERSHIP IS TELLING THE POPULATION THAT ACHIEVEMENTS IN PRODUCTION WILL BE REWARDED WITH AN INCREASINGLY BETTER STANDARD OF LIVING, THAT THE CHICKEN-IN-EVERY-POT LINE ENUNCIATED AT THE 8TH PARTY CONGRESS IS STILL IN EFFECT DESPITE THE VICISSITUDES OF POOR WEATHER AND DETERIORATION OF THE GDR'S TERMS OF TRADE. RELATIVELY BRIEF BUT TOUGH REMARKS ON THE FEDERAL REPUBLIC BY STOPH AND MITTAG SEEMED TO HAVE BEEN INSERTED SOMEWHAT ARTIFICALLY INTO SPEECHES WHICH OTHERWISE HAD LITTLE FOREIGN AFFAIRS CONTENT. THEY WERE LESS EFFUSIVE THAN USUAL IN CALLING FOR FURTHER NORMALIZATION WITH THE FRG, AND SUGGEST CONTINUED EFFORTS TO GET AS MUCH MILEAGE AS POSSIBLE FROM THE WEINHOLD AFFAIR, USEFUL TOOL THAT IT IS IN THE POST-BIERMANN SITUATION.POLANSKY

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